

PUBLIC UTILITIES COMMISSION STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION NO. E-3105
JULY 22, 1999

RESOLUTION

RESOLUTION E-3105. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS AUTHORITY TO DEVIATE FROM THE ELIGIBILITY REQUIREMENTS OF SCHEDULE E-19 AND E-20 FOR CERTAIN COTTON GINNING CUSTOMERS. APPROVED WITH MODIFICATIONS.

BY ADVICE LETTER NO. 1859-E FILED APRIL 19, 1999

SUMMARY

By Advice Letter (AL) No. 1859-E filed April 19, 1999, Pacific Gas and Electric Company (PG&E) requests authority to deviate from the requirements of Schedule E-19 and E-20 for certain cotton ginning customers hit hard by the rains of 1997-98. PG&E is requesting that specific cotton gin customers that have been removed from these schedules because they became ineligible, be reassigned. The Agricultural Energy Consumers Association (AECA) and the California Cotton Ginners Association (CCGA) both support the AL. This resolution provides a one-time approval for the deviation requested by PG&E.

BACKGROUND

1. Any special rate granted to a specific class of customers, if not offset through rate design, can potentially have an adverse effect on a company's revenue requirement and/or CTC collection.
2. The CCGA's 1997-98 cotton season was severely impacted by rains and as a result the crop was late and short. Cotton ginning operations were unable to establish the maximum demands necessary to allow them to remain on their assigned rate schedules.
3. Schedule E-19 (E-19) is mandatory for customers with a maximum demand in excess of 499 kW for three consecutive months in the past twelve months. Customers are removed from E-19 if their maximum demand is not in excess of 499 kW in at least one of the past 12 months. Schedule E-20 (E-20) is mandatory for customers with a maximum demand in excess of 999 kW for three consecutive months in the past twelve months. Customers are removed from E-20 unless maximum demand exceeds 999 kW in five total months of the past 12 months, or exceeds 999kW in three consecutive months of the past 14 months.

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4. This advice letter requests that specified cotton gin customers that have been removed from E-19 or E-20 be reassigned to those rate schedules.

NOTICE

This Advice Letter was distributed to parties in accordance with Section III-G of General Order 96-A.

PROTEST

1. No protests were received by the Commission. AECA and CCGA filed timely letters supporting the AL on May 9, 1999 and May 12, 1999 respectively.
2. AECA and CCGA both request that the Commission grant the one-time deviation.

DISCUSSION

1. The Energy Division has reviewed AL 1859-E filed by PG&E and the letters filed in support by AECA and CCGA.
2. Resolution E-3593, approved April 1, 1999, grants a payment deferral plan to provide rate relief to citrus growers similarly adversely affected by inclement weather.
3. Because of the severely reduced cotton production of the past year and the resulting decrease in energy demand, many cotton gins faced potential forced switching from an E-20 rate tariff to an E-19 rate tariff, causing them to pay higher electricity rates during the ginning season.
4. CCGA indicates that the reduction in demand was due to the "El Nino" weather pattern. They assert that the inclement weather forced association member cotton growers to plant much later than desired and consequently obtain greatly reduced yields.
5. This AL requests a one-time deviation to provide E-19 and E-20 rates to approximately 19 cotton gin customers who failed to qualify because they did not meet the applicable demand criteria.
6. The Energy Division has subsequently learned that eight of the nineteen customers have since re-qualified for their previous rate schedules, but the remaining eleven customers are not expected to be able to re-qualify prior to the start of the harvest season absent the relief requested in this advice letter.
7. One of those eleven remaining customers was subsequently disqualified by PG&E independent of the abnormal weather, and therefore will not receive the requested one-time

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deviation. Therefore, the amended request, is for a one-time deviation for ten specific customers.

8. The Energy Division has verified those ten customers' eligibility for the requested deviation by reviewing the customer by customer recorded demand for the past four years
9. The Energy Division has been assured by PG&E, via a response to a data request, that if the ten cotton ginning customers are granted this one-time deviation this year and their load again fails to meet the criteria for E-19 and E-20, they will be removed from the rate schedule at the end of their operating season, approximately around January 2000.
10. The Energy Division reviewed an evaluation of the estimated financial impact to each customer if this one-time deviation is not granted. The financial impact is defined as the difference between the estimated bills. This difference is based on the customers current and previous rate schedules for the period between May 29, 1999 (the requested effective date for this advice letter) and the end of the upcoming operating season (January 2000).
11. PG&E asserts that the estimated cumulative financial impact of providing the ten cotton ginning customers the one-time deviation is \$62,100.
12. PG&E indicates that if the one-time deviation is granted, the resulting revenue shortfall would accrue as smaller amounts of monthly headroom revenues available to amortize CTCs
13. Although PG&E accedes that the reduced revenue would contribute to extending CTC collection, it feels that the small amount of the deviation would have a negligible impact on revenues.
14. PG&E has requested that this AL become effective on May 29, 1999. PG&E states that cotton ginning customers need resolution as quickly as possible to plan for the upcoming operating season.
15. PG&E's request is reasonable and should be granted. The Commission has previously provided similar relief to agricultural customers in Res. E-3593, as described above. Furthermore, the financial impacts of a one-time deviation is negligible.

COMMENTS

1. Pacific Gas and Electric Company has stipulated to waive the 30-day waiting period required by PU Code section 311(g)(1) and the opportunity to file comments on the draft decision. Accordingly, this matter will be placed on the Commission's agenda directly for prompt action.

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FINDINGS

1. By the above listed AL 1859 filed on March 3, 1999, PG&E requests authority to deviate from the requirements of E-19 and E-20 for certain specified cotton ginning customers hit hard by the rains of 1997-98.
2. AECA and CCGA filed comments in support of PG&E's request and no party protested this advice letter.
3. Non requalifying members of CCGA are not expected to be able to re-qualify prior to the start of the harvest season absent relief requested in this advice letter.
4. The "El Nino" weather pattern forced association members to plant much later than desired and consequently obtained greatly reduced yields.
5. The customer by customer recorded demand which qualified these customers for E-19 and E20 rates for the past four years are accurate and true.
6. The estimated cumulative financial impact of providing the ten cotton ginning customers the one-time deviation is \$62,100.
7. If the one-time deviation is granted, the resulting revenue shortfall would accrue as smaller amounts of monthly headroom revenues available to amortize CTCs.
8. In Resolution E-3593, the Commission granted a payment deferral plan to citrus growers which were adversely affected by inclement weather.
9. PG&E's advice letter is approved.

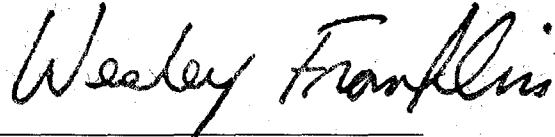
THEREFORE, IT IS ORDERED that:

1. PG&E is authorized to execute a one-time deviation to provide E-19 and E-20 rates to the 10 cotton gin customers which have historically been on these tariffed rates but failed to qualify because they did not meet the applicable demand criteria.
2. If the ten cotton ginning customers fail to meet the criteria for E-19 and E-20 after this year, they shall be removed from the rate schedule at the end of their operating season, which is expected to occur on or about January 1, 2000.

This Resolution is effective today.

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I certify that this foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 22, 1999, the following Commissioners voting favorably thereon:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
Commissioners

**RETURN TO ENERGY BRANCH
ROOM 3.02**

E-1

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH**

**RESOLUTION E-3105
AUGUST 24, 1988**

**RESOLUTION E-3105. FILINGS BY ENERGY UTILITIES
IN RESPONSE TO OUR DECISIONS IN INVESTIGATION
I.86-11-019 ARE TO BE IMPLEMENTED, SUBJECT TO
REVIEW AND ADJUSTMENT THROUGH BALANCING ACCOUNTS.**

SUMMARY

1. I.86-11-019 instituted an investigation into the methods to be used to establish the adjustments in rates and rules resulting from the Federal Tax Reform Act (TRA) of 1986 and the related Senate Bill (SB) 572 (Garamendi, 1987). Subsequently, D.87-09-026, D.87-12-028, D.88-01-061, D.88-01-064, D.88-04-065 and D.88-07-020 (Decisions) were issued in this Investigation.
2. These Decisions ordered the regulated utilities to file amended rates and rules to implement both the TRA and the SB.
3. The energy (electric and gas) utilities have filed these tariffs, and in most instances these revisions result in a decrease in rates or charges.
4. Those instances where the revisions do not result in a rate reduction are where the utilities have also incorporated increases to recover undercollections in balancing accounts as a part of their submittals.
5. The Commission Advisory and Compliance Division (CACD) reviews of these numerous tariff revisions are to be conducted in a timely manner. However, additional time is required.

6. This Resolution allows the rates requested in the advice letters listed in Appendix A to go into effect. However, until the CACD has completed its review, the rates are subject to refund with interest and supplemental tariff sheets with this explicit provision are ordered.

DISCUSSION

1. The TRA and SB, as enacted, have resulted in reduced income tax requirements for the regulated utilities. This reduced income tax requirement decreases the revenue requirement for the utilities.

2. The regulated energy utilities have made Advice Letter filings to implement the listed Decisions. These filings are listed in the attached Appendix A.

3. In most instances these revisions have resulted in reduced rates or charges by the affected utilities.

4. However, some of the filings are for rate increases. The rate increases are caused by requested recovery of balancing account undercollections. The recovery of the undercollections more than offsets the decreases due to the TRA and SB, resulting in net rate increases. The undercollected balancing accounts are associated with the Electric Revenue Adjustment Mechanism (ERAM), the Supply Adjustment Mechanism (SAM), and the Gas Adjustment Clause (GAC).

5. Pursuant to Ordering Paragraph 14 of D.88-01-061, the utilities' rates are subject to refund and adjustment with interest to account for changes and possible changes to the revenue requirements authorized therein. This includes those changes made as a result of the advice letter filings, memorandum accounts, and balancing account entries mentioned in the other ordering paragraphs of the decision. Therefore, in order to allow sufficient time for CACD review, the advice letter filings should be accepted subject to later adjustment to the extent that they are subsequently determined not to be in compliance with, or to contain adjustments not authorized by, D.88-01-061. The adjustments should be with interest. Supplemental tariff sheets with an explicit statement on adjustment and/or refund will express this provision. The language to be filed in the supplemental sheets is as follows:

"These rates remain subject to further adjustment and/or refund, with interest, pending Commission review of compliance with Commission Decision No. 88-01-061, pursuant to Ordering Paragraph 14 thereof."

6. The rate reductions should be promptly implemented to provide their benefits to utility customers. The requested rate increases should be put into effect to avoid continued balancing account undercollections.

FINDINGS

1. The regulated energy utilities have made filings in response to our Decisions in I.86-11-019.

2. Most of these filings propose rate decreases.

3. The filings which have not resulted in rate decreases are submittals in which the utilities have also incorporated increases to recover undercollections in balancing accounts.

4. More time is needed for CACD review of these submittals.

5. The requested rates should be authorized to promptly implement decreases caused by the TRA and SB, and to prevent further undercollections of the balancing accounts.

6. The rates should be subject to later adjustment with interest, to the extent they do not comply with or contain adjustments not authorized by our Decisions, until the Commission finally approves them. Supplemental sheets expressing this intent, as stated above, will make this provision explicit.

THEREFORE, IT IS ORDERED that:

1. The filings from the regulated utilities listed in Appendix A are accepted subject to subsequent review and adjustment as discussed herein. Supplemental sheets with the adjustment and/or refund provision stated above shall be filed within 20 days of the effective date of this resolution. They and the resulting tariffs shall be marked to show that they were accepted by this Commission by Resolution E-3105.

2. Any over- or undercollections shall be adjusted through either the Electric Revenue Adjustment Mechanism (ERAM), Supply Adjustment Mechanism (SAM) or the Gas Adjustment Clause (GAC) balancing accounts as appropriate.
3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 24, 1988. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director

APPENDIX A

NAME of UTILITY	ADVICE NUMBER	SUBJECT	DATE FILED	RESOLUTION or DECISION	DATE EFFECT.
CPN	250G	Decrease in annual SAM rates. (TRA)	03/28/88		TBD
PG&E	1198E	Revise base revenue amount in BRAM of Prelim. Stmt. to comply with D.88-01-061. (TRA)	03/28/88	D.88-01-061	TBD
PG&E	1201E	Revise special facilities charges in Rule 2 per D.88-01-061. (TRA)	04/27/88	D.88-01-061	
PG&E	1218E	Correct base rate revenue amount in the BRAM in compliance with D.88-01-061. (TRA).	07/01/88	D.88-01-061	TBD
PG&E	1457G	Adjust PG&E's Gas Adjustment Clause balancing account to comply with D.88-01-061. (TRA)	03/28/88	D.88-01-061	
PG&E	1459G	Revise special facilities charges in Rule 2 per D.88-01-061. (TRA)	04/27/88	D.88-01-061	
PG&E	1472G	Correct base rate revenue amount in the GAC in compliance with D.88-01-061. (TRA).	07/01/88	D.88-01-061	TBD
SCE	81G	Establish proper level of expense for ratemaking purposes for public utilities due to changes in tax reform act. (TRA)	03/28/88	D.88-01-061	TBD
SCE	782E	Rule No. 2. Monthly charge for customer-financed added facilities decreased from 0.9% to 0.8% due to tax reform act. TRA	03/28/88	D.88-01-061	TBD
SCE	783E	Prelim. Stmt. Part J. - Adjust balance in BRAM account and to reflect the effects of tax reform act. (TRA)	03/28/88	D.88-01-061	TBD
SDG&E	637G	Revise special facilities charges for Rule 2 in order to reflect impact of new tax laws. (TRA)	04/27/88	D.88-01-061	04/27/88
SDG&E	740E	Revise special facilities charges for Rule 2 in order to reflect impact of new tax laws. (TRA)	04/27/88	D.88-01-061	04/27/88
SOCAL GAS	1781	Adjust revenue requirements per D.88-01-061 due to the effect from the tax reform act. (TRA)	03/28/88	D.88-01-061	TBD
SPPCO.	201E	CIAC Changes to Rules 15, 15.1 and 15.2 Adop's method 5. (TRA)	01/02/88	D.87-09-026	
SPPCO.	202E	Revenue requirements due to the effect of the tax reform act per D.88-01-061. (TRA)	03/29/88	D.88-01-061	